



June 5, 2008

The Honorable Denise Moreno Ducheny, Chair  
Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, CA 95814

Attn: Jody Martin, Principal Consultant

Dear Senator Ducheny:

Pursuant to Government Code Section 14669 (c), the director of the Department of General Services (DGS) shall prepare a report listing all leases entered into during the prior calendar year with an option to purchase with another entity, public or private, that involve office space. This letter fulfills that reporting requirement.

The DGS has entered into two real property leases with option-to-purchase with private entities during calendar year 2007 as follows:

1. A new lease to add space to the Department of Justice Forensic DNA Laboratory complex located at 1001 and 1003 West Cutting Boulevard in Richmond, Contra Costa County contains an option-to-purchase. This lease was executed in February 2007 and has a 54.5 month firm term and a 119.5 month total term for a total of 24,083 net usable square feet.

The monthly rent structure is as follows:

<u>Periods</u>	<u>Monthly Rent</u>
07/15/07 – 07/31/07	\$66,599.97
08/01/07 – 12/31/07	\$121,447.00
01/01/08 – 12/31/08	\$129,436.00
01/01/09 – 12/31/09	\$141,081.00
01/01/10 – 12/31/10	\$155,135.00
01/01/11 – 12/31/11	\$170,358.00
01/01/12 – 12/31/12	\$119,638.00
01/01/13 – 12/31/13	\$125,014.00
01/01/14 – 12/31/14	\$131,050.00
01/01/15 – 12/31/15	\$137,509.00
01/01/16 – 12/31/16	\$144,427.00
01/01/17 – 07/31/17	\$151,227.00

The option-to-purchase is designed to allow the State to purchase the leased building during a time period. The terms of the purchase option are as follows. The State shall have a purchase option only on 1003 West Cutting as follows:

<u>Dates</u>	<u>Purchase Price</u>
January 1, 2008 to December 31, 2008	\$13,500,000.00
January 1, 2009 to December 31, 2009	\$13,905,000.00
January 1, 2010 to December 31, 2010	\$14,322,150.00
January 1, 2011 to December 31, 2011	\$14,751,815.00

These prices include any and all amortized and/or unamortized allowances; however, there may be additional unknown costs if there should be a large volume of split and loan prepayment costs.

2. A lease was amended for office space and contains an option-to-purchase for the Department of Motor Vehicles office located at the northwest corner of Shaw and Burl Avenues in Clovis, Fresno County. This lease amendment was executed in July 2007 for 12,300 net square usable feet of office space. The lease amendment has a 120 firm term and a 180 month total term.

The monthly rent structure is as follows:

<u>Periods</u>	<u>Monthly Rental</u>
08/01/07 – 07/31/12	\$42,804.00
08/01/12 – 07/31/17	\$47,232.00
08/01/17 – 07/31/22	\$53,997.00

The terms of the purchase option are as follows. The State shall exercise the purchase option on or after June 30, 2017 and prorate the purchase price between the dates as shown below:

<u>Date</u>	<u>Purchase Price</u>
July 31, 2017	\$6,250,000.00
July 31, 2022	\$6,750,000.00

These prices include any and all amortized and/or unamortized allowances.

If you have any questions, please contact Sheral Gates, Chief, Real Estate Leasing and Planning Section, Professional Services Branch, Real Estate Services Division, Department of General Services, at (916) 375-4151.

Sincerely,

William C. Bush,  
Director

cc: Distribution List #4

Sheral Gates, Chief, Real Estate Leasing and Planning Section, Professional Services Branch, Real Estate Services Division, Department of General Services

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**ORIGINAL LETTER TO EACH OF THE FOLLOWING:**

The Honorable Denise Moreno Ducheny, Chair **(Hand carry 18 copies)**  
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1020 N Street, Room 553  
Sacramento, CA 95814  
Attn: Jody Martin, Principal Consultant

The Honorable Denise Moreno Ducheny, Chair  
Senate Budget & Fiscal Review Committee  
State Capitol, Room 5019  
Sacramento, CA 95814  
Attn: Danny Alvarez, Staff Director

The Honorable Tom Torlakson, Chair (Attn: Bob Franzoia, Director)  
Senate Appropriations Committee  
State Capitol, Room 2206  
Sacramento, CA 95814

The Honorable John Laird, Chair  
Assembly Budget Committee  
State Capitol, Room 6026  
Sacramento, CA 95814  
Attn: Chris Woods, Chief Consultant

The Honorable Mark Leno, Chair  
Assembly Appropriations Committee  
State Capitol, Room 2114  
Sacramento, CA 95814  
Attn: Geoff Long, Director

Ms. Elizabeth G. Hill **(Hand carry)**  
Legislative Analyst  
925 L Street, Suite 1000, B-29  
Sacramento, CA 95814

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**COPY OF JLBC NOTIFICATION TO EACH OF THE FOLLOWING:**

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Joint Legislative Budget Committee  
State Capitol, Room 6026  
Sacramento, CA 95814

The Honorable Dennis Hollingsworth, Vice Chair  
Senate Budget & Fiscal Review Committee  
State Capitol, Room 5064  
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The Honorable Roger Niello, Vice Chair  
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The Honorable Dave Cox, Vice Chair  
Senate Appropriations Committee  
State Capitol, Room 2068  
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Attn: Doug Yoakam, Minority Director

The Honorable Mimi Walters, Vice Chair  
Assembly Appropriations Committee  
State Capitol, Room 6027  
Sacramento, CA 95814  
Attn: Gina Sari, Minority Director

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Sacramento, CA 95814

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